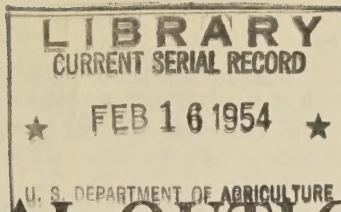


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# the AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U. S. D. A.

WASHINGTON, D. C.



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Economic activity in the United States eased downward in the last 3 months of 1953. Further adjustments from the record levels of 1953 are likely but there is no sign of any large reduction in demand for goods and services in coming months.

The gross national product—the nation's total output of goods and services measured in current prices in October-December—was slightly below the record rate of the second quarter of 1953.

Production cutbacks in industries which had large inventories, and reduced output from automobile factories because of model changes, accounted for most of the decline in the GNP. Industrial output has fallen off 5% since mid-1953. The build-up in business inventories which had been underway more than a year has ended.

Nonfarm employment has declined gradually with the reduction in industrial production. Unemployment has risen from the summer low of 1.2 million to 1.8 million in December—about 3% of the labor force.

Demand has been maintained, except for a slight decline in spending by businessmen for new plants and equipment, and the reduced expenditure for inventories. Spending by consumers and government in the fourth quarter of 1953 apparently stayed near the rates of the previous 6 months. The high rate of construction has kept the market for building materials strong.

Consumer income has been running only a little below the record third quarter rate. The reduction in income taxes on January 1 should boost income available for spending to or above the fourth quarter level.

Investment plans of businessmen for the first quarter of this year indicated little change in spending from the fourth quarter. Construction activity will continue high. Little change is likely in the total demand by federal, State and local governments.

Prices of several farm products have firmed up in the last 2 months, with hogs, corn and soybeans making the largest gains. Marketings have tapered off seasonally and the large quantities of farm products going under support have reduced commercial supplies.

**LIVESTOCK AND MEAT:** This winter's meat supply is expected to be moderately smaller than a year ago. Fewer cattle and lambs are on feed. Hog marketings are down because of reduced production and heavy marketings last year.

Later in 1954, meat supplies will be closer to 1953 levels. Hog production is increasing and the large number of cattle on farms points to continued high slaughter.

**DAIRY PRODUCTS:** Milk production continued at a record-breaking pace in December. Output totaled 8,791 million pounds, 5% more than a year earlier. Total for 1953 reached 120.2 billion pounds, also a new record.



This is the second successive year that off-season milk production has been unusually heavy. Farmers are freshening a higher proportion of their cows for winter production than formerly. Other factors boosting fall and winter output were favorable weather, heavy feeding of concentrates, and increasing number of milk cows.

Prices paid by dealers for milk used in fluid distribution have begun to decline seasonally and are somewhat below a year ago. Retail prices of manufactured dairy products have gone down a little more over the year. Consumption of most dairy products in 1953 was about the same as in 1952.

**POULTRY AND EGGS:** Farm flocks laid a record 5,267 million eggs in December. The 1953 total was 61,962 million, 2 percent more than in 1952. Production per layer in December was at peak levels in all parts of the country.

Farmers had 415,813,000 hens and pullets of laying age and pullets not of laying age on January 1, 3 percent more than a year earlier.

With strong demand from consumers and early activity by egg breakers, the decline in egg prices in early January was less than usual.

Broiler prices in mid-January had recovered somewhat from the mid-December slump. Prices are not likely to rise much soon since slaughter supplies are expected to increase through March.

**FEED GRAINS:** Year-end estimates place the 1953-54 feed supply at  $170\frac{1}{2}$  million tons, a little more than last year and third largest of record. With fewer animals to be fed, supply per animal unit is 4 percent above 1952-53.

**FATS AND OILS:** Exports of soybeans are at record levels and U. S. demand is strong. With the crop the smallest in 4 years, prices have climbed well above support levels. Prices of flaxseed have been below support and about 40 percent of the 1953 crop had gone under the government loan program through December 15.

**WHEAT:** About half of the supply of 1,736 million bushels was owned by CCC or under the price support program by December 15. The reduction in the commercial supply probably will result in further increases in wheat prices. Prices for high protein hard winter and spring wheat and durum are above support levels but ordinary and low protein hard wheat and soft wheat are still well below.

The 110 million bushels of wheat exported in July-December, first half of the 1953-54 year, was 45 million less than in the same period last season.

**VEGETABLES:** Total production of fresh vegetables this winter is expected to be slightly below a year earlier. However, large stocks of cabbage, onions and potatoes are in storage.

**FRUIT:** Demand for oranges and grapefruit for canning is expected to be strong during the first half of 1954. Fewer oranges remained to be marketed after the first of the year than in 1953 but supplies of most other fruits were larger. Consumer demand for fresh and processed fruits is expected to hold up well.

**COTTON:** Consumption in domestic mills has been running below a year earlier. Exports the first 4 months of this season totalled 853,000 bales, 128,000 less than a year earlier.

**TOBACCO:** About a fourth more tobacco was exported in the first 10 months of 1953 than a year earlier. Most of the increase was due to the fact that Britain postponed shipment of large quantities from the fall of 1952 to the spring of 1953.

With a large part of the Burley crop marketed, prices through mid-January averaged 52.7 cents per pound,  $3\frac{1}{2}\%$  higher than a year earlier.